



Self-Help Builder Assistance Program Loan Application & Information

CALIFORNIA HOUSING FINANCE AGENCY
Homeownership Programs
Special Programs Unit
1121 L Street, 7th Floor
Sacramento, CA 95814
(916) 324-8088 www.calhfa.ca.gov

Table of Contents

	<u>Page</u>
SHBAP Application.....	1-11
SHBAP Sample Resolution	12-13
SHBAP Development Loan Summary.....	14-18
SHBAP Quarterly Progress Report	19
SHBAP Forward Commitment Summary	20-24

**CALIFORNIA HOUSING FINANCE AGENCY
SELF-HELP BUILDER ASSISTANCE PROGRAM (SHBAP)
DEVELOPMENT LOAN APPLICATION**

Note: This application, if approved for funding, may be made a part of your contract with the Agency. The application has three sections: Application section, Development Loan Summary section, and Forward Commitment Summary section. California Housing Finance Agency (CalHFA) reserves the right to reject any SHBAP application at its sole discretion based upon the past performance of a nonprofit self-help developer not meeting the performance standards of the program. If you have any questions, call CalHFA Homeownership Programs at (916) 324-8088.

Please fill out each section as applicable. Attach additional pages as required. Label all exhibits. Submit to CalHFA at the following address:

California Housing Finance Agency
Homeownership Programs - Special Programs Unit
1121 L Street, 7th Floor
Sacramento, CA 95814

Applicant's Name _____

Address _____

Contact Person _____

Title _____ **Phone** _____

Name of Project _____

Address or Location of Project _____

Requested Amount(s) and Use(s):

Total Loan Amount Requested: \$ _____ for _____ units

Land Acquisition \$ _____ for _____ units

Site Development \$ _____ for _____ units

Construction \$ _____ for _____ units

Other \$ _____ for _____ units

Loan Term Requested: _____ months/years

Anticipated Close of Escrow: _____

SECTION I. APPLICANT INFORMATION

1. Provide a description of the type of organization, history and experience with housing and other activities, including self-help construction. Include number of units and type(s) of housing developed, rehabilitated, and/or under new management. If your organization receives FmHA 523 funds, indicate inclusive dates, amount of funds, and number of units covered by the grant(s).

If the above information was submitted in a past application to CalHFA for a SHBAP loan, make reference to that application date, and provide new information as applicable.

2. Briefly describe each housing program your organization is currently implementing.
3. List the geographic area(s) where your program(s) operates.
4. List any program or financial assistance you have received from State HCD. Include dates and amounts and contact person for each contract/award. List previous CalHFA commitment awards and projects.
5. Please provide amounts of funds and references from other funding sources with whom you have worked in the last three years. Include names, addresses, and phone numbers of contacts.

SECTION II. PROPOSED DEVELOPMENT

A. General Information

1. Project Name _____
2. Location (address) _____
3. Type of structures*:

☐ Single Family Detached
☐ Single Family Attached (Duets)
☐ Detached Condo/PUD (with HOA)
☐ Condo/Attached PUD (with HOA)
☐ Other (specify) _____

* Please refer to SHBAP Forward Commitment Summary (which is attached) for details regarding eligible properties. These requirements apply, regardless whether a SHBAP Forward Commitment (FC) will be utilized.

4. Type of ownership*:

☐ Fee Simple Ownership Lot
☐ Condominium
☐ Planned Unit Development
☐ Other (specify) _____

* Please refer to the SHBAP Forward Commitment Summary (which is attached) for details regarding eligible types of ownership and eligible borrowers.

5. Type of occupancy: ☐ Family
☐ Elderly
☐ Handicapped
☐ Other (specify) _____

B. Design Information

1. Total units _____
2. Number of dwelling structures _____
3. Number of units by bedroom size and square footage:
- | | |
|-----------------------------|-----------------------------|
| _____ 1 BR at _____ SF each | _____ 4 BR at _____ SF each |
| _____ 2 BR at _____ SF each | _____ 5 BR at _____ SF each |
| _____ 3 BR at _____ SF each | |
4. Number of stories _____ Elevator: Yes _____ No _____
5. In addition to the above, please provide a description of the units, amenities, energy features, etc.:
- _____
- _____
- _____

C. Site Information (If development involves more than one site, please complete this section for each site.)

1. City _____
2. County _____
3. Street Address _____
4. Cross Streets _____
5. Assessor's Block & Lot No. _____
6. Legal Tract No. or Name _____
7. Size _____ acres; density _____ units/acres _____

8. Approximate distance to:

Schools _____ Pharmacy _____ Food Market _____

Hospital _____ Park _____ Fire Dept. _____

Public Transportation _____ Type of Transportation _____

9. Describe status of site control and provide evidence of same (attach as an exhibit).

10. Purchase price of site: \$ _____

11. Describe any adverse site features such as seismic activity; location near airport, freeway, or railroad tracks; location in flood plain; etc. Indicate any design features necessary to mitigate the adverse condition(s). Attach exhibit as necessary.

12. If any loan funds are requested for site improvements, provide specific details on work items and cost. Attach exhibit as necessary.

D. Planning and Subdivision Approvals

1. What is the present zoning status for site? _____

2. If this project needs local subdivision approval, provide current status.

3. If this report needs Department of Real Estate approval, provide status of preliminary public report (pink paper) and final public report (white paper).

E. Financing

Please provide as an attachment, 1) the source, 2) amount, 3) evidence of financing or commitment, 4) pending status and conditions of the financing or commitment, 5) terms, and 6) expiration date for each of the following applicable categories of project financing:

- Administration
- Site acquisition
- Off-site development
- On-site development
- Construction/interim financing
- Permanent primary financing (first loans)
- Permanent second or other subordinate loans

Include commitment letters, loan agreements, notes, and deeds, as applicable, to substantiate each category of financing. All loan documents of other lenders, including construction lender documents are subject to approval by CalHFA.

Indicate the succession of take-outs by each subsequent type of financing.

F. Anticipated Completion Schedule

	<u>Activity</u>	<u>Anticipated or Actual Date</u>
1.	Administration funding will be obtained by	_____
2.	Site acquisition financing will be obtained by	_____
3.	Tentative Subdivision Map will be obtained by	_____
4.	Final Subdivision Map will be obtained by	_____
5.	DRE pink report will be obtained by	_____
6.	DRE white report will be obtained by	_____
7.	Off-site development financing will be obtained by	_____
8.	On-site development financing will be obtained by	_____
9.	Construction/interim financing will be obtained by	_____
10.	Permanent financing will be obtained by	_____

11. Site option will expire on _____
12. Title will transfer to your organization by _____
13. Site development will begin by _____
14. Unit construction will begin by (if phased construction, indicate timing) _____
15. Construction will be completed by _____
16. Full occupancy will be completed by _____

G. Permanent Financing Structure

Provide the permanent financing structure for each model.

	<u>Model 1</u>	<u>Model 2</u>	<u>Model 3</u>	<u>Model 4</u>
Square Feet:	_____	_____	_____	_____
Sales Price	\$ _____	\$ _____	\$ _____	\$ _____
Sweat Equity	\$ _____	\$ _____	\$ _____	\$ _____
Cash Down Payment	\$ _____	\$ _____	\$ _____	\$ _____
1 st Mortgage	\$ _____	\$ _____	\$ _____	\$ _____
2 nd Mortgage	\$ _____	\$ _____	\$ _____	\$ _____
3 rd Mortgage	\$ _____	\$ _____	\$ _____	\$ _____
4 th Mortgage	\$ _____	\$ _____	\$ _____	\$ _____

H. Project Cost

Provide actual cost breakdown or best current estimate below. Include land, site development, and itemized construction costs (describe all amenities, including energy efficient items).

1. Construction Costs:

- a. General Requirements \$ _____
- b. Site Work \$ _____
- c. Concrete \$ _____
- d. Lumber, Trusses, Roofing, Framing \$ _____
- e. Sheetrock/Insulation \$ _____

- f. Heating/Cooling, Plumbing \$ _____
- g. Doors, Windows \$ _____
- h. Cabinets/Floors/Paint/Finish \$ _____
- i. Appliances/Electrical \$ _____
- j. Fencing/Landscaping \$ _____

Total Construction Costs: \$ _____

2. Development and Construction Costs:

- a. Predevelopment Costs \$ _____
- b. Fees, Interest and Taxes \$ _____
- c. Administration/Overhead Costs \$ _____
- d. Interest, House Construction Costs \$ _____
- e. Technical Assistance Costs, Unreimbursed \$ _____
- f. General Cost \$ _____
- g. Soft Cost Contingency \$ _____
- h. Land Cost \$ _____
- i. Site Development Costs \$ _____
- j. Hard Construction Costs (total from above) \$ _____
- k. Hard Construction Contingency \$ _____

Total Development & Construction Costs: \$ _____

I. Methods of Disbursement

Describe the preferred method of how disbursement(s) of the SHBAP loan will be handled (e.g., Directly to borrower at close of escrow? Progress payments from CalHFA to Borrower? Progress payments from CalHFA to contractor(s)? Dual payee checks? At close of escrow to construction loan account with construction lender for administration and disbursement?):

J. Marketing

- 1. During the construction of the Development, the applicant must prominently display a sign on the construction site which shall contain the following messages:

PROJECT NAME
THIS PROJECT WAS MADE POSSIBLE IN PART
BY FINANCING PROVIDED BY THE
CALIFORNIA HOUSING FINANCE AGENCY

2. Please provide as an exhibit any available quantitative information on the demand for housing of this type in this market area. Information may be available from local planning departments, housing authorities, Council of Governments, or Building Industry Association (BIA). Identify the source of the information.
- 3.. Please provide as an exhibit an appraisal of the completed unit or an analysis of comparable home values that substantiate the sales prices that have been indicated.
- 4.. Please provide as an exhibit a description of your efforts to find prospective occupants for this project. Include numbers of low-income households contacted and/or on waiting lists. Discuss any issues which must be mitigated (e.g., undesirable neighborhood characteristics, difficulty in qualifying desired income range).

K. Project Administration

1. Indicate staff assigned to this project using the following format, repeating as necessary for each person or position.

<u>Job Title</u>	<u>Name of Staff Member</u>	<u>% of Time on Project</u>

L. Construction Supervision

1. Who will supervise overall construction including subcontractors (trades) and self-help workers from start to finish of each unit in accordance with the construction plans? Attach résumé.

2. Is the construction supervisor a general contractor? If yes, provide contractor license number and credit history, etc. Attach as exhibit if necessary.

M. Work to be Subcontracted

List trades or jobs that are to be subcontracted.

N. Self-Help Component

1. Percentage of work to be performed by participants: _____%
2. Approximate number of hours to be worked per week by each household: _____
3. Estimated hourly rate used to compute sweat equity: _____
4. Number of months to complete project: _____
5. Provide description of activities performed by self-help participants.

O. Deed Restrictions

1. Will there be any **subordinate financing** provided by any level of government other than CalHFA which will become a lien on the property? ____ Yes ____ No

If **yes**, for any second lien:

Government entity name: _____

Type of financing (Farmworker Grant, CSHHP, Local Government Funds, etc.):

If **yes**, for any third lien:

Government entity name: _____

Type of financing (Farmworker Grant, CSHHP, Local Government Funds, etc.):

Please attach exhibit to describe additional liens.

2. Will there be any **other liens or deed restrictions** of any type imposed by any unit of government that will be attached to the Deed on this property? ____Yes ____No

Note: All documents, subordinate financing, resale controls will be subject to prior approval of CalHFA, FHA, and execution of the above referenced Locality/CalHFA Subordinate Financing/Resale Restriction Agreement.

P. Acknowledgement

Developer represents that the foregoing is true and correct.

Date: _____ Name: _____
Authorized Representative

Signature: _____

Title: _____

EXHIBITS TO BE ATTACHED TO THE COMPLETED APPLICATION

1. Copy of resolution authorizing this application (sample attached).
2. Copy of Articles of Incorporation and By-Laws (not required if previously submitted, and there have been no changes).
3. List of names of governing body of applicant.
4. Current Financial statements including income statement, balance statements, etc. for last two years.
5. Copy of parcel map of proposed site.
6. Copy of street location map of proposed site.
7. Copy of proposed plans including site plan and specifications (8½ x 11 copies of plans, including floor plans and elevations, are acceptable).
8. Copy of most recent preliminary title report.
9. Evidence of land value (appraisal).
10. CC&R's (for condominiums, PUD or where applicable); and homeowners association rules and regulations.
11. Copy of Tentative or Final Subdivision Map.
12. Copy of soils report.
13. Any other additional information required to complete this application; and all exhibits required by this application, per Sections II.C.1-8, II.C.9, II.E., II.H., II. J.1-3, II.L.1-2, and II.O.

SAMPLE - RESOLUTION
SELF-HELP BUILDER ASSISTANCE PROGRAM LOAN
THE GOVERNING BOARD OF

HEREBY AUTHORIZES THE SUBMISSION OF A LOAN APPLICATION, THE INCURRING OF AN INDEBTEDNESS, THE EXECUTION OF A LOAN AGREEMENT AND ANY AMENDMENTS THERETO, A PROMISSORY NOTE, SECURITY INSTRUMENTS AND ANY OTHER DOCUMENTS NECESSARY TO SECURE A LAND ACQUISITION, DEVELOPMENT OR CONSTRUCTION LOAN FROM THE CALIFORNIA HOUSING FINANCE AGENCY.

WHEREAS

- A. _____ (name of applicant) (hereinafter referred to as "Corporation") is a 501(c)(3) nonprofit corporate entity established under the laws of the United States and the State of California and empowered to own property, borrow money, and give security for loans.
- B. The California Housing Finance Agency (hereinafter referred to as the "Agency") is authorized to make loans for the production of mutual self-help housing for low-income persons.
- C. The Corporation wishes to obtain from the Agency a Self-Help Builder Assistance Program Loan for land purchase, development, or construction purposes for the development of such housing.

IT IS NOW RESOLVED THAT:

- 1. The Corporation shall submit to the Agency an application for a Self-Help Builder Assistance Program Loan for the low-income mutual self-help housing project to be developed in the City of _____, County of _____
- 2. If the loan is approved, the Corporation is hereby authorized to incur indebtedness in an amount not exceeding the amount approved by the Agency and to enter into a loan agreement with the Agency for the purposes set forth in the loan application and approved by the Agency. It also may give a promissory note, and execute security and other instruments necessary or required by the Agency to evidence and secure the indebtedness.
- 3. The Corporation is further authorized to request amendments, including increases in loan amounts up to amounts approved by the Agency, and to execute any and all documents required by the Agency to evidence and secure these amendments.

4. The Corporation _____ authorizes (name[s] of authorized officer[s]) to execute in the name of the Corporation, the loan application and the loan agreement, promissory note, security instruments or documents, and other documents necessary or required by the Agency for the making and securing of the loan, and any amendments thereto.

PASSED AND ADOPTED THIS _____ day of _____, _____, by the following vote:

AYES: _____ NAYS: _____ ABSTAIN: _____ ABSENT: _____

The undersigned _____ Secretary of the Corporation heretofore named does hereby attest and certify that the foregoing is a true and full copy of a resolution of the Board of Directors adopted at a duly convened meeting on the date above-mentioned, which has not been altered, amended, or repealed.

Date Secretary

Notes:

1. This is intended to be a model for resolutions authorizing loan applications. Applicants may use their own format if it contains substantially all the authorizations in the model.
2. This model uses language appropriate to a nonprofit corporation.

SELF-HELP BUILDER ASSISTANCE PROGRAM (SHBAP)

DEVELOPMENT LOAN SUMMARY

I. Introduction

This Development Loan Summary is provided for the information of interested mutual self-help housing developers for application purposes for builder assistance funds in connection with developments using permanent mortgage funds from CalHFA.

II. Purpose and Source of Funding

The purpose of the CalHFA Self-Help Builder Assistance Program (SHBAP) Development Loan is to provide temporary funding for self-help developers for assistance with land acquisition, site development and construction. CalHFA limits the number of SHBAP loans to an eligible nonprofit self-help developer to one (1) outstanding SHBAP loan at a time.

III. Self-Help Developer Eligibility Requirements

SHBAP Development Loans may be made only to 501(c)(3) nonprofit mutual self-help housing developers for homes constructed utilizing the mutual self-help method of construction. Only self-help developers that have previously completed at least one CalHFA financed self-help development, or that will contract with a nonprofit mutual self-help organization that has completed CalHFA-financed projects and is acceptable to the Agency, are eligible to apply. CalHFA reserves the right to reject any SHBAP application, at its sole discretion, based upon the past performance of a nonprofit self-help developer not meeting the performance standards of the program. Performance standards are the ability to successfully complete the project in the timeframes anticipated, adequate staff and advisors to complete the project and reports being submitted in a timely fashion.

IV. Eligibility Requirements

SHBAP Development Loan financing is intended only for self-help developments that will provide housing to first-time low-income homebuyers. The Agency will require, for SHBAP Development Loan purposes, that the development be designed to provide housing to homebuyers that meet CalHFA's Homeownership Programs eligibility criteria. Specifically, borrowers must be first-time homebuyers with incomes at or below CalHFA-defined low income. Eligible homes must not exceed the new construction sales price limits established for CalHFA's Homeownership Program. Please refer to the attached SHBAP Forward Commitment Summary for borrower, property, and loan eligibility requirements.

V. Loan Uses

Development Loans may be used for land acquisition, site development and construction costs for the production of mutual self-help homes for low-

income first-time homebuyers anywhere in California. Loan proceeds may be utilized in more than one category and specifically used for:

- Acquisition of the development site. The loan amount can be up to 90% of fair market value of purchase, or the current development loan limit, whichever is less (specific sites must be identified);
- Site preparation expenses (off-site and on-site expenses), and
- Construction costs.

SHBAP Development Loans may not be used for administrative expenses.

SHBAP Development Loans will be approved and funded only upon reasonable anticipation that commitments can be obtained from a primary lender for construction financing, and from a mortgage lender or CalHFA for the permanent take-out financing for the newly constructed homes. In underwriting the loan, CalHFA will consider factors such as the past achievements of the developer, the availability of public and private financing for the self-help housing development, and the proposed cost of the land and housing.

VI. Application Fee

An Application Fee of one percent (1%) of the SHBAP loan amount is required to be submitted with the SHBAP application. Checks are to be made payable to California Housing Finance Agency or CalHFA. The application fee will be refunded to the applicant if the application is denied, or when the SHBAP loan closes escrow and the first draw request is processed and disbursed.

VII. Loan Limits

The maximum loan amount for the SHBAP Development Loan will be announced from time to time by Program Bulletin.

VIII. Minimum Number of Units per Development

The minimum number of units per development is eight (8) units.

IX. Rates and Terms

SHBAP Development Loan will normally be issued for a period of **up to 2 years** depending on the usage of funds:

- The maximum Loan-to-Value (LTV) is 90% of the current value or the maximum loan limit, whichever is less.
- The interest rate for the SHBAP loan will be 3% per annum.
- A 1% application fee is required with all SHBAP applications
- Site acquisition, if final subdivision map is approved – 1 year
- Bare ground where final subdivision map isn't approved – 2 years;
- Site development and construction financing – normally about 1 year.
- The SHBAP loan shall be repaid with the CalHFA permanent take-out financing or at the expiration of the loan commitment, whichever occurs first.

- SHBAP loans will be deferred payment loans (have no monthly loan payments) for the stated period of the loan.
- The loan becomes immediately due and payable upon default of the terms of the loan. Partial payments will be accepted upon conveyance of the individual lots as they are sold or transferred.
- SHBAP loans may be subordinated to the primary acquisition, development and/or construction loan.
- The developer, of course, must provide adequate security (lien against the land) for the loan funds advanced under this program.

X. Take-Out Financing

The developer may obtain a CalHFA Forward Commitment for the permanent take-out financing to finance the acquisition of homes in the development by qualified first-time low-income self-help homebuyers. Please refer to the attached Forward Commitment Summary (BLOCK) for additional information. Other sources of take-out funds should be described in the application. CalHFA will review the application and underwrite the Development Loan on the basis of the feasibility of eventual take-out of the Development Loan by the permanent mortgage loans.

XI. Special Conditions

- Insurance: Borrower will be required to provide evidence of insurance prior to CalHFA disbursement of funds, as follows:
 - Comprehensive general liability insurance in the amount of at least \$1,000,000 for injury to or death of one person and \$1,000,000 for injury to or death of more than one person in one accident.
 - Course of construction insurance.
 - Adequate property damage insurance.
- Loan Documents: Before the Agency disburses funds to any developer (mutual self-help nonprofit developer), or to the authorized agent, the developer will be required to submit to the Agency the following executed documents which will have been prepared or required by the Agency:
 1. A completed application including all required documents.
 2. A loan agreement.
 3. A promissory note.
 4. Security instrument(s). Deed of Trust
 5. Complete ALTA Insurance Policy and required endorsements, including plat map.
 6. Evidence of comprehensive general liability insurance, course of construction insurance, and property damage insurance, in the amounts listed above.
 7. Any other documents necessary to complete the transaction.
- Other Loan Documents: All loan documents from other lenders, including construction lend documents, are subject to review and approval of CalHFA.

- Prevailing Wage Laws: Borrower is obligated to take all actions necessary to assure and document Borrower's compliance with Labor Code § 1720 (c) (6), and to indemnify CalHFA against any claims, etc. related to prevailing wage laws.
- Loan Disbursements: Loan funds will be disbursed through escrow, by CalHFA or by a CalHFA-designated disbursement agent, to or on behalf of the developer as specifically agreed in the loan agreement under disbursement procedures (generally under a work progress draw procedure). Developers must request disbursements in writing from the Agency in the agreed upon manner for disbursement of funds. Disbursement requests must be supported by evidence of an obligation that is due or is about to become due. CalHFA will require a minimum of ten (10) working days to process the draw and disbursement funds.
- HUD/FHA Approvals: The intended self-help project must have or be able to obtain development (subdivision) approval by HUD/FHA for purposes of development eligibility if FHA mortgage insurance for the permanent take-out financing is anticipated.
- Local, State or Federal Requirements: Developers will be required to abide by such local, State or Federal regulations as are applicable to the proposed housing development. These may include, but are not limited to: zoning ordinances; building codes; planning; historic preservation; environmental and relocation regulations.
- Security: Each loan will be secured in a manner that adequately protects the interests of the Agency. Security may include, but is not limited to, mortgages, deeds of trust or other liens on real property.
- Progress Reports: Developers will be required to provide the Agency with quarterly reports on the progress of the self-help housing development and the purposes for which the loan funds have been used. A Quarterly Progress Report is attached to this SHBAP Development Loan Summary for reference.

XII. Application Process

Interested self-help developers must submit a CalHFA SHBAP Development Loan application form (copy attached) with the required supporting documentation and a check payable to CalHFA in the amount of one percent (1%) of the loan amount requested. Applications will be taken on a first-come, first-serve basis. Applications must be submitted to CalHFA at 1121 L Street, 7th Floor, Sacramento, CA 95814, to the attention of the Homeownership Programs, Special Programs Unit.

Completed applications will be reviewed by the Special Programs Unit for completeness of documentation. The review may include a visit to the proposed site. Recommendations for disposition of the loan application will then be made to the Loan Committee for final determination.

Depending on the completeness of the application, the Agency may require no less than 45 calendar days to review the application and make a final determination of approval or denial of the loan. Borrowers will be notified in writing of the Agency's decision and any special loan conditions, if approved, or reasons for rejections.

XIII. Loan Termination

Loan commitments or loan agreements may be reduced or terminated by the Agency and the loan declared immediately due and payable if it is determined that:

1. One or more conditions to the loan commitment, agreement, or disbursement procedures have not been or will not be met;
 2. Development of the site or construction of the housing units is not progressing or is anticipated not to progress within a reasonable time as determined by the Agency; or
 3. The objectives of the loan cannot be met; or
 4. The term of the CalHFA Forward Commitment or other Lender permanent take-out financing will not be met; or
 5. It becomes clear during the development/construction phase that take-out cannot occur because of market conditions, construction cost over-runs, property devaluation, etc.; and/or
 6. The Agency's security is jeopardized.
- Land Acquisition: If the Agency determines that a purchased site cannot be developed by a borrower within the loan term, the borrower shall repay the loan.

XIV. Reconsideration Procedures

Borrowers whose applications have not been approved by the Agency may submit a request for reconsideration in writing to the Agency. Requests will be considered in accordance with the above criteria and decisions rendered will be final.

XV. Information

For more information or assistance with the SHBAP program, call (916) 324-8088 or write:

California Housing Finance Agency
Homeownership Programs - Special Programs Unit
1121 L Street, 7th Floor
Sacramento, CA 95814

SELF-HELP BUILDER ASSISTANCE PROGRAM

QUARTERLY PROGRESS REPORT

For the Quarter Ending: _____, 20____

Developer: _____ Telephone Number: (_____) _____ - _____

Contact: _____ Lender: _____ # _____

Project Name: _____ CalHFA #: _____ # of Units: _____

Address/Location: _____ City: _____ Exp. Date of SHBAP: _____

Expected Completion Date: _____ SHBAP Loan Remaining: _____

SHBAP Funds Used For: [] Land Acquisition [] Site Development [] Construction Costs [] Other _____
(Please indicate all that apply)

ACTIVITY OF STAGE OF CONSTRUCTION:

Offsite, Street, Curbs, Gutters, etc.	[] _____ %	Land cleared, Slab forms, Rough plumbing	[] _____ %
Foundation poured	[] _____ %	Slabs	[] _____ %
Framing	[] _____ %	Exterior walls, Roofing	[] _____ %
Interior walls, Drywall	[] _____ %	Sheet metal, Taping, Texture, Paint	[] _____ %
Cabinets, Appliances	[] _____ %	Landscaping	[] _____ %

LOAN PROCESSING ACTIVITY:

Families selected [] Appraisals: ordered [] completed [] # of Loans Approved by Lender [] _____ CalHFA [] _____

Comments: _____

Developer's Certification: _____ Title: _____ Date: _____

SELF-HELP BUILDER ASSISTANCE PROGRAM (SHBAP)

FORWARD COMMITMENT SUMMARY

Builder-Lock (BLOCK)

I. INTRODUCTION

This Forward Commitment (BLOCK) Summary is provided for the information and use by lenders/developers interested in originating loans for purchase by the Agency under the CalHFA Self-Help Builder Assistance Program (SHBAP). It is subject in all respects to the CalHFA Lender Mortgage Purchase and Servicing Agreement, with applicable addenda, to the revised Lender Program Manual (formerly entitled Homeownership Program Manual) and as updated from time-to-time with Program Bulletins and to the revised Servicer's Guide. All loans purchased pursuant to this program must comply with the Federal Internal Revenue Code provisions for single family mortgages.

II. PROGRAM PURPOSE

The purpose of the forward commitments in the Self-Help Builder Assistance Program is to provide permanent mortgage financing for **low-income first-time homebuyers** who provide "sweat equity" in order to purchase single family homes for occupancy.

The Agency intends to provide funds for 30-year, fixed-rate, first mortgage loans for developments sponsored by 501(c)(3) nonprofit developers utilizing the mutual self-help construction concept, in which the individuals and families perform a portion of the construction of the units as determined and directed by the nonprofits. All homebuyers are required to provide "sweat equity", the amount of which will be determined by the nonprofit developer.

The loans must be FHA-insured, Mortgage Insurance Services-insured, VA-guaranteed or USDA Rural Development-guaranteed. Conventional loans with a loan-to-value of 80% or less do not require mortgage insurance. Lenders must be cautioned that the loans are subject to the requirements of the mortgage insurers/guarantors and that LTV ratios and credit for "sweat equity" must be explored with the insurer/guarantor.

The funds for the permanent mortgage financing will be provided through the issuance of 12, 18 and 24-month forward commitments to purchase eligible loans from participating CalHFA lenders.

III. SOURCE OF FINANCING

The Agency's source of funds for the forward commitments will be from the sale of tax-exempt mortgage revenue bonds (MRBs).

A. Purchase a Forward Commitment

To purchase a commitment for a term of 12, or 18 months for use with SHBAP development homes for the permanent take-out financing, the nonprofit developer must contact a CalHFA-approved lender, advise the lender of the term and amount of the commitment desired.

The lender will utilize CalHFA's Lender Access System (LAS) and request the commitment electronically. Within 10 days of commitment request, the lender must submit the following to CalHFA:

1. A check from the lender made payable to either "California Housing Finance Agency or CalHFA" for the up-front commitment fees, and
2. A completed Development Information Form (DIF) (with attachments).

B. Commitment Terms/Fees and Extensions

For SHBAP only, the following terms and fees apply:

- | | |
|--------------|---|
| • 12 Months | 1.00%(0.25% Cash Up; 0.75% at Discount) |
| • 18 Months | 1.50%(0.25% Cash Up; 1.25% at Discount) |
| • 24 Months* | 2.00%(0.25% Cash Up; 1.75% at Discount) |

Commitment extensions are allowed with SHBAP. Lenders/nonprofit developers wishing to extend an existing commitment (12 or 18-months) must contact CalHFA **2 weeks prior** to the commitment expiration. Approved extensions will increase the fee collected at discount. No extension will be granted on an existing 24-month commitment.

*A 24-month commitment is only allowed as an extension (6 months) of an existing 18-month commitment.

C. Rolling Allocation Cap

Nonprofit developers are assigned allocations caps based on their CalHFA production over the past two years. Commitments are not to exceed the established allocation cap. As the loans are approved for purchase, funds will be freed up (much like a line of credit) to make available funds for additional purchase of forward commitments. Lenders have on-line access to the developer's allocation cap balance.

D. First-Time Homebuyer Rule

First-time homebuyers are described as mortgagors who have not had an ownership interest in any principal residence during the three-year period (36 months) prior to the execution of the mortgage loan. Ownership interests include fee simple interest, a joint tenancy in common, a tenancy by the entirety, a tenant-shareholder in a cooperative, a life estate, a land contract pursuant to which possession and burdens of ownership are transferred but legal title is not transferred until a later time, and a beneficial interest in a trust that would constitute an ownership interest if it were held directly by the mortgagor. An ownership interest in a mobile home is not considered a prior

ownership interest in a principal residence if the mobile home is not permanently attached to land.

In order to demonstrate the borrower's first-time homebuyer status, each homebuyer must provide signed copies of their last three calendar year's federal tax returns that indicate that itemized deductions were not taken for mortgage interest or real estate taxes for a primary residence.

E. Income Limits

Eligible borrowers' gross income may not exceed the CalHFA-defined low-income limits, as listed by family size, for the county in which the property is located. The income limits may be revised from time-to-time by Program Bulletin.

F. Other General Borrower Requirements

1. Owner-occupancy is required within 60 days of loan closing. Renting the property is strictly prohibited for the life of the loan.
2. Income producing or other commercial use of the property is not allowed.
3. The borrower must either be a citizen or national of the United States, or a qualified alien.
4. Borrowers must be able to qualify for an FHA-insured, Mortgage Insurance Services-insured, VA-guaranteed or USDA Rural Development-guaranteed mortgage. Conventional loans with a loan-to-value of 80% or less do not require mortgage insurance.
5. Borrowers must pay at least the minimum FHA or Mortgage Insurance Services-required cash downpayment plus closing costs and otherwise meet the credit qualifying criteria of the mortgage lender and insurers. Particular attention must be paid to the insuror/guarantor requirements for treatment of "sweat equity" (and if a credit for the sweat equity is allowed at all).

Complete borrower and property eligibility requirements are detailed in the Homeownership Program Manual and the supporting documents.

IV. ELIGIBLE SINGLE FAMILY UNITS

A. Sales Price Limits

The Agency will accept loans for purchase on new, not previously occupied, single family units that have sales prices that are within the new construction limits established for each county. The sales price limits may be revised from time-to-time by Program Bulletin.

B. Property Requirements

Property requirements for self-help, new construction homes are as follows:

1. The properties must be insurable under FHA Section 203(b) or FHA Section 234(c) for condominiums, or by Mortgage Insurance Services, guaranteed by VA or USDA Rural Development Guaranteed. Conventional loans with 80% or less LTV do not require mortgage insurance.
2. Properties must be conveyed with fee simple title for residential use only, not to exceed 5 acres in size, and not be intended for commercial or income-producing purposes.
3. Loans will be accepted for the following types of properties located anywhere in California:
 - Single family detached;
 - Single family attached “duets” (with no homeowners association);
 - **Detached** Condominiums/Planned Unit Developments (PUDs) with a homeowners association.
 - Condominiums/**Attached** Planned Unit Developments (PUDs) with a homeowners association.
4. Ineligible properties include units that have been previously occupied; properties with two units (“mother-in-law units”); vacation homes; co-ops; mobile homes; and multi-family housing units.
5. Subordinate financing or resale control restrictions may be permitted, provided they are compatible with Federal Tax Law and have been approved by the Agency prior to submission of a forward commitment bid package. See paragraph C for specific requirements.
6. Construction on all properties must be complete, with a certificate of occupancy.

C. Resale Controls/Secondary Financing

Secondary financing and resale controls will be accepted only if provided by local or State government. **CalHFA approval is required on all subordinate financing and resale control proposals and must be obtained prior to CalHFA’s award of a forward commitment for the development.** All secondary financing and resale controls must be subordinated to CalHFA’s first mortgage, must be in compliance with Tax Law, and have the prior approval of the mortgage insurer/guarantor, as applicable.

All subordinate loan and resale control documents must be submitted to CalHFA at the earliest possible date. The Agency will forward each proposal to CalHFA’s Bond Counsel for review. **CalHFA will not award a forward commitment until these documents have been approved by CalHFA Bond Counsel.** The lender must submit a CalHFA/Subordinate Financing &

Resale Control Agreement that has been executed by the State or local governmental agency with the subordinate loan or resale control documentation attached.

D. Loan Processing

Lenders are to follow established CalHFA policies and procedures for qualifying borrower's and submitting SHBAP loans to CalHFA. These policies and procedures are available in the Lender Program Manual (formerly entitled Homeownership Programs Manual and Single Family Program Manual) and periodically amended by Program Bulletins. The manual and bulletins are available on CalHFA's website at www.calhfa.ca.gov or by calling 1-800-789-2432.